

**Office the of Commissioner of Securities and
Insurance, Montana State Auditor**

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**BEFORE THE COMMISSIONER OF SECURITIES AND INSURANCE
MONTANA STATE AUDITOR
STATE OF MONTANA**

| | | |
|----------------------------------|---|-----------------------------|
| IN THE MATTER OF: |) | CASE NO. INS-2012-59 |
| |) | |
| ARTISAN CONTRACTORS |) | |
| INSURANCE COMPANY RISK |) | ORDER OF SUPERVISION |
| RETENTION GROUP, LLC, Montana |) | |
| certificate of authority # 5553. |) | |
| |) | |

Pursuant to Mont. Code Ann. §§ 33-11-121 and 33-28-108, the Office of the Commissioner of Securities and Insurance, Montana State Auditor (CSI), takes supervision of Artisan Contractors Insurance Company Risk Retention Group, LLC (ACIC RRG), for the following reasons:

1. The State Auditor is the Commissioner of Securities and Insurance (Commissioner) pursuant to Mont. Code Ann. § 2-15-1903.
2. The CSI is under the control and supervision of the Commissioner pursuant to Mont. Code Ann. §§ 2-15-1902 and 33-1-301.
3. The Commissioner shall administer the CSI to protect insurance consumers. Mont. Code Ann. § 33-1-311(3).

4. The Commissioner and the CSI have jurisdiction over this matter. Mont. Code Ann. § 33-1-311.

5. The provisions of the Code relating to supervision, rehabilitation, and liquidation are applicable to captive insurance companies. Mont. Code Ann. § 33-28-207.

6. ACIC RRG is a Montana domiciled captive insurance company, Certificate of Authority #5553.

7. The Commissioner issued a suspension order regarding ACIC RRG on March 9, 2012, incorporated by reference herein.

8. ACIC RRG consents to supervision pursuant to Mont. Code Ann. § 33-2-1321 and has waived its right to a hearing pursuant to Mont. Code Ann. § 33-2-1321(6). It has further admitted that some delinquencies found in the suspension report would not be cured.

ORDER

THEREFORE, IT IS HEREBY ORDERED that based on the foregoing, ACIC RRG is placed under **SUPERVISION** of the CSI pursuant to Mont. Code Ann. § 33-2-1321.

IT IS FURTHER ORDERED that ACIC RRG may not do any of the following without the prior written approval of the CSI:

- a. Dispose of, convey, or encumber any of its assets or its business in force;
- b. Withdraw from any of its bank accounts;
- c. Lend any of its funds;

- d. Invest any of its funds;
- e. Incur any debt, obligation, or liability;
- f. Merge or consolidate with another company;
- g. Enter into any new reinsurance contract or treaty;
- h. Enter into any management agreements; and
- i. Discount its reserves.

IT IS FURTHER ORDERED that ACIC RRG shall provide to the CSI, care of the Chief Financial Examiner, Office of the Commissioner of Securities and Insurance, Montana State Auditor, 840 Helena Avenue, Helena, MT 59601, within five days of the execution of this Order, unless otherwise specified, all of the following:

- a. A list of all policies in force as of the date of this Order;
- b. A list of all cancelled policies as of the date of this Order;
- c. A copy of all executed subscription agreements as of the date of this Order;
- d. A report on total capital contributions for the period of time ACIC RRG has been in business;
- e. Copies of all service provider contracts;
- f. A copy of all operating bank statements while under Supervision. Each statement shall be sent to the CSI by the 20th of each month for the month preceding. However, the first statement shall be sent within five days of receipt of this order;
- g. An estimate of all operating expenses, losses, and LAE, detailed by individual item, to be charged against the assets of ACIC RRG during the run-off of existing business;

- h. Monthly reports of its balance sheet, income statement, and listing of actual expenses incurred. Reports must be received by the CSI by the 20th of each month for the month preceding. The first report shall be received on or before April 20, 2012;
- i. A calculation of unearned premium as of the date of cancellation for each policy; and
- j. Such other and further information as the CSI requires.

IT IS FURTHER ORDERED that ACIC RRG will take the following affirmative steps to closing its business:

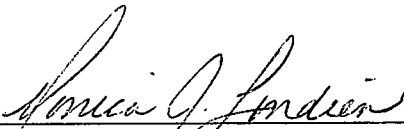
- a. No later than March 31, 2012, cancel all policies in force by giving each insured a 30-day cancellation notice pursuant to Mont. Code Ann. § 33-2-1343;
- b. Negotiate an assumption agreement with an insurer approved by the CSI for all unreported claims; and
- c. Demonstrate that reinsurance has been paid and is in place for all policies. If ACIC RRG chooses to renegotiate its reinsurance treaty, proof that the renegotiated treaty will sufficiently cover claims.

IT IS FURTHER ORDERED that a failure by ACIC RRG to comply with the directives of this order will result in the CSI filing a formal delinquency action in district court pursuant to Mont. Code Ann. § 33-2-1322, and liquidating ACIC RRG pursuant to Mont. Code Ann. §§ 33-2-1341 and 33-2-1342.

This Order shall remain in effect for 60 days from the date of this Order. If Respondent fails to comply with the requirements of the CSI within this time frame, the

Order may be extended or proceedings may be instituted pursuant to Mont. Code Ann. §§
33-2-1331 and 33-2-1341 to have a rehabilitator or liquidator appointed.

DATED this 26th day of March, 2012.



MONICA J. LINDEEN
Commissioner of Securities and Insurance,
Montana State Auditor

CERTIFICATE OF SERVICE

The undersigned hereby certifies that on this 28th day of March, 2012, a true and correct copy of the foregoing was served upon the following by U.S. mail, certified, postage prepaid:

ACIC RRG
27 Gage Terrace
Bigfork, Montana 59911

Via Hand-delivery:

CSI
Jesse Laslovich

Joan Barber